

Message Text

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TO SECSTATE WASHDC 8735

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TAGS: ETRD, AS

SUBJ: PRELIMINARY JUNE 1976 TRADE AND BALANCE OF PAYMENTS
STATISTICS

1. AUSTRALIAN BUREAU OF STATISTICS HAS RELEASED PRELIMINARY
JUNE 1976 FOREIGN TRADE DATA WHICH SHOW EXPORTS OF A\$990
MILLION, HIGHEST ON RECORD, AND IMPORTS OF A\$810 MILLION,
PROBABLY ALSO HIGHEST ON RECORD (NEW VALUATION BASIS WAS
INSTITUTED WITH JULY FIGURES). BALANCE OF PAYMENTS FIGURES
SHOW DEFICIT OF A\$142 MILLION, HIGHEST SINCE MASSIVE DECEMBER
OUTFLOW CAUSED BY DEVALUATION SPECULATION.

2. TRADE FIGURES SEEM TO CONFIRM CONCLUSIVELY A SUBSTANTIAL
UPWARD TREND IN BOTH EXPORTS AND IMPORTS WHICH HAS BEEN
UNDERWAY SINCE FEBRUARY.

3. THROUGH FEBRUARY EXPORTS WERE FLUCTUATING AROUND A\$750
MILLION LEVEL AND FOR SIX MONTHS THROUGH FEBRUARY WERE UP ONLY
3 PERCENT OVER YEAR-EARLIER LEVELS. MARCH-JULY EXPORTS
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AVERAGED A\$888 AND WERE UP 18 PERCENT OVER YEAR-EARLIER

LEVELS.

4. IMPORTS, AFTER HITTING BOTTOM IN JUNE 1975, THEREAFTER FLUCTUATED AROUND A\$665 MILLION LEVEL, AND FOR SIX MONTHS THROUGH FEBRUARY 1976 THEY WERE DOWN 5 PERCENT FROM YEAR-EARLIER LEVELS. MARCH-JUNE IMPORTS AVERAGED A\$730 MILLION AND WERE UP 25 PCT OVER YEAR-EARLIER FIGURES AND 9 PCT OVER PRECEDING FOUR MONTHS. NOT-QUOTE-COMPARABLE JULY 1976 FIGURE OF A\$810 MILLION CONTRASTS WITH YEAR-EARLIER FIGURE OF A\$690 MILLION.

5. BASED ON DETAILED DATA AVAILABLE THROUGH MAY, IT APPEARS THAT IMPORT RECOVERY IS BEING LED BY CONSUMER GOODS IMPORTS, WITH PRODUCERS' MATERIALS SHOWING CONSIDERABLE GROWTH, AND PRODUCERS' CAPITAL EQUIPMENT SHOWING LITTLE CHANGE. THIS PATTERN IS CONSISTENT BOTH WITH RECOVERY FROM ECONOMIC DOWNTURN AND WITH SHIFT TOWARD IMPORTS AS CONSEQUENCE INCREASING DOMESTIC PRICE LEVELS FOR LOCALLY MADE GOODS.

6. UNLIKE TRADE FIGURES, CONCLUSIVE TRENDS ARE LESS EASILY DISCERNED IN BALANCE OF PAYMENTS FIGURES. INVISIBLES DEFICIT HAS BEEN HIGHER THAN USUAL SINCE FEBRUARY, BUT BALANCE OF TRADE SURPLUS HAS GENERALLY EXCEEDED YEAR-EARLIER LEVELS. CURRENT ACCOUNT DEFICIT, WHILE SUBSTANTIAL, HAS ACCORDINGLY NOT BEEN UNPRECEDENTED, AND CAPITAL INFLOW IN MOST MONTHS SINCE DECEMBER HAS MODERATED CURRENT ACCOUNT DEFICIT. JULY SAW CAPITAL INFLOW REVERSED, AND A\$8 MILLION CAPITAL OUTFLOW PLUS A\$134 MILLION CURRENT ACCOUNT DEFICIT COMBINED TO PRODUCE SIZABLE A\$142 MILLION PAYMENTS DEFICIT.

7. WHETHER DIMINISHED CAPITAL INFLOW IS TRANSITORY OR PERSISTENT IS PROBLEMATIC AND WILL OF COURSE BEAR HEAVILY ON PROGNOSIS FOR AUSTRALIAN BALANCE OF PAYMENTS OVER COMING MONTHS.

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